

## Message Text

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62  
ORIGIN EB-11

INFO OCT-01 NEA-10 ADP-00 SSO-00 NSCE-00 INRE-00 SS-15

NSC-10 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00

AID-20 COME-00 TRSE-00 SCEM-02 INT-08 EUR-25 OMB-01

/117 R

DRAFTED BY EB/ORF/FSE:GSBROWN:CJR

7/11/73 EXT 20753

APPROVED BY EB/ORF - MR. KATZ

NEA/PAB - MR. FLATEN (PHONE)

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O R 112156Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KABUL IMMEDIATE

INFO AMEMBASSY TEHRAN

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E.O. 11652 N/A

TAGS: ENRG

SUBJECT: RGA REQUEST FOR WORLD GAS PRICES

REF: KABUL 5095

1. INTERNATIONAL GAS SALES MARKET DOES NOT YET EXIST  
AND PRICES FOR INDIVIDUAL CONTRACTS HIGHLY DEPENDENT  
ON VARIABLES SUCH AS ALTERNATIVE MARKETS AND USES FOR  
GAS SUPPLIES, DISTANCE TO CONSUMING CENTERS, ETC.  
SOVIET-IRANIAN DEAL SEEMS TO US ONLY ONE PERTINENT TO  
AFGHAN SITUATION; EMBASSY TEHRAN'S REPORT ON CURRENT  
PRICES (WHICH WE UNDERSTAND TO BE ABOUT 20 CENTS PER  
MCF) AND DISCUSSIONS WITH SOVIETS WOULD BE USEFUL.  
GOI NOW BEGINNING TO DISCOVER ALTERNATIVE USES FOR  
GAS -- E.G. PETROCHEMICALS, LNG -- TO BE FEASIBLE AND  
CONSEQUENTLY UNHAPPY WITH CONTRACT PRICES WITH SOVIETS.

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2. FOR WHATEVER IT MAY BE WORTH, WE UNDERSTAND THAT

CURRENT GAS SALES IN EUROPE BEING MADE AT BORDER PRICES OF AROUND 40 CENTS PER THOUSAND CUBIC FEET TO THAT SUPPLY-HUNGRY AREA. NORTH AFRICAN LNG PROJECTS UNDER DISCUSSION INVOLVE FOB PRICE IN THIS SAME RANGE IN LATE 1970'S PERIOD, WITH PRICE IN MARKETPLACE APPROXIMATELY DOUBLE. WE DO NOT KNOW WHAT FOB PRICES BEING CONSIDERED FOR LNG PROJECTS IN PERSIAN GULF, BUT NOTE THAT IN MANY INSTANCES (AS FOR SOVIET LNG PROJECTS UNDER CONSIDERATION)

SUCH PROJECTS CAN ONLY MAKE ECONOMIC SENSE IF VERY LOW OR EVEN NEGATIVE VALUE ASCRIBED TO GAS AT WELLHEAD. WE DOUBT, HOWEVER, IF ANY OF THESE SALES PRICES HAVE RELEVANCE TO RGA-USSR SALE. U.S. INTERNAL PRICES, OR CANADIAN BORDER PRICES, EVEN LESS RELEVANT IN VIEW OF SPECIAL REGULATED NATURE OF U.S. MARKET. ROGERS

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